

Senate File 2304

SENATE FILE _____
BY COMMITTEE ON WAYS AND MEANS
(SUCCESSOR TO SSB 3173)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the delay in the reduction in the individual
2 income tax rate schedule and providing for contingent
3 effectiveness and retroactive applicability.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 SF 2304
6 mg/cc/26

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1 1 Section 1. Section 422.5, subsection 1, paragraphs a
1 2 through i, Code 2003, as amended by 2003 Iowa Acts, First
1 3 Extraordinary Session, chapter 1, section 44, are amended to
1 4 read as follows:
1 5
1 6 For tax years beginning
1 7 in the calendar year:
1 8 ~~2004~~ ~~2005~~ ~~2006~~
1 9 2005 2006 2007
1 10 a. On all taxable income from
1 11 zero through one thousand dollars:35% .34% .32%
1 12 b. On all taxable income exceeding
1 13 one thousand dollars but not
1 14 exceeding two thousand dollars:70% .68% .65%
1 15 c. On all taxable income exceeding
1 16 two thousand dollars but not
1 17 exceeding four thousand dollars: 2.36% 2.30% 2.19%
1 18 d. On all taxable income exceeding
1 19 four thousand dollars but not
1 20 exceeding nine thousand dollars: 4.37% 4.27% 4.05%
1 21 e. On all taxable income exceeding
1 22 nine thousand dollars but not
1 23 exceeding fifteen thousand
1 24 dollars: 5.94% 5.80% 5.51%
1 25 f. On all taxable income exceeding
1 26 fifteen thousand dollars but not
1 27 exceeding twenty thousand
1 28 dollars: 6.29% 6.14% 5.84%
1 29 g. On all taxable income exceeding
1 30 twenty thousand dollars but not
1 31 exceeding thirty thousand
1 32 dollars: 6.60% 6.45% 6.13%
1 33 h. On all taxable income exceeding
1 34 thirty thousand dollars but not
1 35 exceeding forty-five thousand
2 1 dollars: 7.68% 7.51% 7.14%
2 2 i. On all taxable income exceeding
2 3 forty-five thousand dollars: 8.71% 8.51% 8.09%
2 4 Sec. 2. 2003 Iowa Acts, First Extraordinary Session,
2 5 chapter 1, section 45, is amended to read as follows:
2 6 SEC. 45. EFFECTIVE AND APPLICABILITY DATE PROVISIONS.
2 7 This division of this Act takes effect January 1, ~~2004~~ 2005,
2 8 for tax years beginning on or after January 1, ~~2004~~ 2005, but
2 9 before January 1, ~~2007~~ 2008.
2 10 Sec. 3. Section 422.5, subsection 1, paragraphs a through
2 11 i, Code 2003, as amended by 2003 Iowa Acts, First
2 12 Extraordinary Session, chapter 1, section 46, are amended to
2 13 read as follows:
2 14
2 15 For tax years beginning
2 16 in the calendar year:
2 17 ~~2007~~ 2008 and subsequent
2 18 calendar years
2 19 a. On all taxable income from
2 20 zero through one thousand dollars:31%
2 21 b. On all taxable income exceeding
2 22 one thousand dollars but not
2 23 exceeding two thousand dollars:62%

2 22 c. On all taxable income exceeding
2 23 two thousand dollars but not
2 24 exceeding four thousand dollars: 2.09%
2 25 d. On all taxable income exceeding
2 26 four thousand dollars but not
2 27 exceeding nine thousand dollars: 3.87%
2 28 e. On all taxable income exceeding
2 29 nine thousand dollars but not
2 30 exceeding fifteen thousand
2 31 dollars: 5.26%
2 32 f. On all taxable income exceeding
2 33 fifteen thousand dollars but not
2 34 exceeding twenty thousand
2 35 dollars: 5.57%
3 1 g. On all taxable income exceeding
3 2 twenty thousand dollars but not
3 3 exceeding thirty thousand
3 4 dollars: 5.84%
3 5 h. On all taxable income exceeding
3 6 thirty thousand dollars but not
3 7 exceeding forty-five thousand
3 8 dollars: 6.80%
3 9 i. On all taxable income exceeding
3 10 forty-five thousand dollars: 7.71%
3 11 Sec. 4. Iowa Acts, First Extraordinary Session, chapter 1,
3 12 section 47, is amended to read as follows:
3 13 SEC. 47. EFFECTIVE AND APPLICABILITY DATE PROVISIONS.
3 14 This division of this Act takes effect January 1, ~~2007~~ 2008,
3 15 for tax years beginning on or after January 1, ~~2007~~ 2008.
3 16 Sec. 5. 2003 Iowa Acts, First Extraordinary Session,
3 17 chapter 1, section 72, is amended to read as follows:
3 18 SEC. 72.
3 19 1. This division of this Act takes effect upon
3 20 ratification prior to January 1, ~~2007~~ 2008, of an amendment to
3 21 the Constitution of the State of Iowa requiring a three-fifths
3 22 majority vote of each house of the general assembly in order
3 23 to pass a bill that amends the state individual income tax by
3 24 raising the rate or rates of the individual income tax or of
3 25 an amendment to the Constitution of the State of Iowa
3 26 requiring a statewide referendum in order to approve a bill
3 27 that amends the state individual income tax by raising the
3 28 rate or rates of the individual income tax.
3 29 2. If this division of this Act takes effect as provided
3 30 in subsection 1, this division of this Act, except as provided
3 31 in subsection 3, applies to tax years beginning on or after
3 32 January 1, ~~2007~~ 2008.
3 33 3. The section of this division of this Act repealing
3 34 section 422.11B applies to tax years beginning on or after
3 35 January 1, ~~2010~~ 2011.
4 1 Sec. 6. CONTINGENT EFFECTIVENESS.
4 2 1. This Act takes effect only if the Iowa supreme court
4 3 rules in the case of Rants and Iverson v. Vilsack, No. 03=
4 4 1948, that the governor's line item vetoes of sections 44
4 5 through 72 of House File 692 (2003 Iowa Acts, First
4 6 Extraordinary Session, chapter 1) were unconstitutional.
4 7 2. If this Act takes effect as provided in subsection 1,
4 8 this Act applies retroactively to June 19, 2003, for the
4 9 purpose of repealing the amendment of income tax rates for tax
4 10 years beginning in calendar year 2004.
4 11 SF 2304
4 12 mg/cc/26